

1997-99 Performance Progress Report

For Quarter Ending June 1999

Agency 102

Department of Financial Institutions

Mission

To regulate our state's financial services industry in a manner that promotes public confidence in our state's financial markets.

Strategy

Perform examinations and audits to determine the safety and soundness of regulated businesses and individuals and compliance with consumer protection laws, and develop and monitor corrective actions to any areas of concern.

Performance Measure

Percent of surveyed credit unions responding Good to Excellent on how well the examiner worked with the management team on how to resolve areas of concern, if any. This survey followed the Division of Credit Unions completion of the credit union's safety and soundness examination.*

* Survey pilot completed in December 1998.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate			80%	80%	80%	80%	80%	80%
Actual			100%	80%	100%	100%	90%	100%
Date Measured			3/31/98	6/30/98	9/30/98	12/31/98	3/31/99	6/30/99

Performance Measure

Percent of surveyed banks responding Agree to Strongly Agree that the bank's examination report prepared by the Division of Banks was objective, reflected material issues, and was useful for remaining in compliance with regulations.*

* Annual reporting in January of each year for prior calendar year.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate		90%				90%		
Actual		100%				100%		
Date Measured		12/31/97				12/31/98		

Performance Measure

Percent of surveyed broker dealers and investment advisers rating Good to Excellent the overall performance of their examination by the Division of Securities.*

* Pilot survey completed in December 1998.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate				75%		75%		75%
Actual				100%		100%		92%
Date Measured				6/30/98		12/31/98		6/30/99

Quarter 6 Comment

We projected that 75% of the broker dealers and investment advisers that we audited would rate our services good to excellent. 100 percent of the surveys returned for this period rated our service as good to excellent.

Strategy

Receive and maintain accreditation through an external peer review to demonstrate adherence to national quality standards.

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Performance Measure Years in which the Division of Banks received accreditation from the Conference of State Bank Supervisors, based on a 5 year accreditation renewal. The next renewal year is 2000. Annual reviews demonstrate continued, consistently high professional standards.*

* On an annual basis, the Division will identify with a 1 that it has maintained its accreditation. A 0 would indicate the Division was not accredited.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate		1				1		
Actual		1				1		
Date Measured		12/15/97				12/31/98		

Strategy Use a highly trained staff and state of the art procedures to perform a timely, comprehensive and fair review of license, charter and registration applications.

Performance Measure Percent of surveyed license applicants responding Good to Excellent on the overall quality of the service received from the Consumer Services Unit during the application process.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate		75%		75%		75%		
Actual		100%		81%		89%		
Date Measured		12/31/97		6/30/98		12/31/98		

Quarter 2 Comment The Division of Consumer Services' survey received a higher percent than expected due to relatively few surveys being returned. The Division will provide postage paid surveys in the future to encourage a higher rate of return.

Performance Measure Percent of surveyed investment companies responding Good to Excellent on the overall quality of the service received from the Division of Securities during the application process.*

* Annual reporting will be completed in June of every year.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate				75%				75%
Actual				100%				100%
Date Measured				6/30/98				6/30/99

Performance Measure Average processing time in days for small business franchise and business opportunity registration applications received by the Division of Securities*.

* Businesses apply to the Department of Securities for a permit to sell small business securities, franchises, and business opportunities.

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Output	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate	6.5	6.0	6.0	6.5	6.5	6.0	6.0	6.5
Actual	6.6	5.7	6.2	7.8	5.9	6.4	9.4	5.5
Date Measured						12/31/98	3/31/99	6/30/99

Quarter 4 Comment

This variance can be explained by the increased volume of applications received during the quarter. There was an increase of 33% from the prior quarter and 46% above the projected volume for the 4th quarter. In addition, the division projects the typical number of applications requiring further inquiry and evaluation of noncompliance for workload purposes. The 4th quarter results show a variance of 30% above the projected number of applications requiring further inquiry, having an impact on workload that resulted in longer processing time on average.

Quarter 5 Comment

Filing volume was down, resulting in faster response time.

Quarter 6 Comment

For this measure the data indicates that the average processing time for small business, franchise, and business opportunity files was 6.4 days. This time period exceeded our quarterly estimate of 6 days by 6.7%. The slight increase in processing time is due to a temporary decrease in FTEs in this section.

Quarter 7 Comment

The estimated target was exceeded by 3.4 days or 57%. A number of factors led to these results: 1) We had a vacancy on our review staff for almost half of the quarter. 2) We experienced an abnormally high number of sick days. 3) A job-related injury reduced staff availability to review applications. 4) The file volume increased 23% over the prior quarter (when we were within 7%) of our target turnaround time and by 30% over the same quarter last year. It is also interesting to note that we had 217 applications in March, which is 17% more than we have received in any month this biennium. This worked out to 51 applications per FTE, more than the prior two months combined. We are addressing this problem in the following manner: 1) We have authorized approximately 30 hours of overtime to date to help reduce backlogs. 2) We have trained additional support staff to perform an initial franchise review. They examine the filing to see if it is complete and the proper fee has been paid. This helps our regular review staff because they can target their examination to compliance with substantive regulatory matters. 3) Our new analyst is being trained to review franchise and other applications. We anticipate that our review times for the 8th quarter should be consistent with our estimates for the quarter.

Quarter 8 Comment

Additional staff brought in to catch up with quarter 7 backlog.

Strategy Process consumer complaints to ensure that regulated businesses and individuals respond to complaints and that violations of statute or regulation are detected and corrected promptly.

Performance Measure Percent of individuals and businesses surveyed responding Good to Excellent on the overall quality of the service received from the Consumer Services Unit during complaint investigations.

Outcome	Fiscal Year 1998				Fiscal Year 1999			
	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate		75%		75%		75%		
Actual		77%		72%		84%		
Date Measured		12/31/97		6/30/98		12/31/98		

Quarter 2 Comment

The Division of Consumer Services received a higher percent than expected due to relatively few surveys being returned. The Division will provide postage paid surveys in the future to encourage a higher rate of return.

Strategy Assist regulated industries in understanding and complying with relevant Washington state laws, investigate alleged violations, and conduct enforcement activities.

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Performance Measure Percent of surveyed credit unions responding Good to Excellent on whether the examination enhanced their knowledge of current regulatory requirements. This survey followed the Division of Credit Unions completion of the credit union's safety and soundness examination.*

* Survey pilot completed in December 1998.

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	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>	<u>Quarter 5</u>	<u>Quarter 6</u>	<u>Quarter 7</u>	<u>Quarter 8</u>
Estimate			80%	80%	80%	80%	80%	80%
Actual			100%	80%	100%	90%	80%	100%
Date Measured			3/31/98	6/30/98	9/30/98	12/31/98	3/31/99	6/30/99